G.R.S. IX—5]

Previous references. 1922-23 **File No.** 96-22

Q.H. 257-19-1-3. (Q.H.)
Q.H. 46-17-3+4. **Serial Nos.** 1+2

Later references.

G.F. 233-24-1+2
GF- 250-24-1+2
G.F. 48. 26. 1 & 3.
G.F. 116. 26. 1+2
Q2 98-32 (1-3)

Preserve
Mrt
3.11.23

GENERAL AND REVENUE SECRETARIAT.

P215-E *Serial Nos.* 2

Part B for September 1923.

SUBJECT

Question of allowing enhanced interest on the Insurance Fund Balances.

Ref 2. To: The Accy: Imperial State Life Ins. Committee
Concerth
C Vo HC: 1605-6 D/ 25-9-23.
Allows interest at the rate of 5% for
2 years from 1923-24, on additions to the Insc: Fund
from 1-7-23, + c + c.

3/10/23

GENERAL AND REVENUE SECRETARIAT.

(G.R)

NOTES.

96.

File No. 95-22

FILE HEADING. Question of allowing Enhanced interest on the Insurance Fund Balances

From

The Secretary, Mysore State Life Insurance Committee

No. 16183 Dated 23.5.23. Received 26.5.23.

Diary No. 4830	Enclos.	Spare Copies.	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Forwards for orders of Govt. the resolution of the Insurance Committee regarding that at least 5% interest may be allowed on the Insurance Fund balances added to this Fund from 1917-18, in view of the higher rates of interest allowed on other Govt. Managed Funds as Savings Banks & Provident Fund & the general depression in the Money Market.

NOTES AND ORDERS.

The file leading to this G.O No 533-4 of 24.7.20 Maximum rate of interest to 4% is put up (Govt. 56 of 17 pls 344). The 4 per cent rate was, together with, Govt. hereby sanctioned for a period of 3 years from 1917-18. On the expiry of this period

NOTES—First Sheet.

G. R. S. III-2

General and Revenue Secretariat.

Cr. File No. 95 of 19 22

Serial No.

the Question was taken up again on a reference from the Finance Committee recommending the grant of 5½ % interest on the Fund Balances. The reference underwent a lengthy discussion as is seen from Cr. File No 257-19 post ups. Attention is requested to the Fin. Secy's note dt 8.12.20 on pgs 12 & 13 of the file 257, wherein he has suggested the grant of 5% on the balance that would be left after excluding the amount to be held at Call for meeting Matured Claims. This 5% was shown to work itself out to a net rate of Rs 4-11-0 interest per Cent. as a result of the deduction of 1 anna in the rupee as in the Case of Savings Bank deposits.

The Question was Considered in Council, which resolved to fix the rate at 5% (Vide Resolution dt 3.2.1921 on page 17 of the file No 257-19. When the Case reached the D & N. stage Fin. Secy pointed out the fact that the enhanced interest increased the Budget deficit by about ¾ Lakh. Vide page 18 of ups. Thereupon the Question was reconsidered in Council with the result that the rate sanctioned in 1918 was ordered to be Continued until

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

G. R. File No. 95 of 19 22

Serial No.

further Orders. Vide Council Resn. dy 7.4.21 on page 21 of the Collection 257-19. ~~Hind Refee~~. The Drs. Committee was informed accordingly (N).

Hind Refee is to be solicited by the Dewan's Minute dy 2.3.21 on page 19 of the same file ordering that the question of increased interest may be put off till more settled times.

The Committee now urge for the grant of interest at 5% with retrospective effect from 1917-1918 for the following reasons. The portions of the Insurance Fund invested in the War Loan, and in the State Loans are earning interests ranging from 5½, 6¼, 6½ and 7 per Cents and if the remaining balance of the Fund, deducting the Cash requirements, ~~of~~ has been invested in Similar Securities, that also would have been earning the same rate. Secondly they insist on the Insurance Fund being treated from the same standpoint as other funds as Savings Bank, & Provident Funds.

From the figures checked informally from the Insurance office, the Result

NOTE—Contn. sheet.

Serial No.

of the enhanced rate is approximately as below:—

If retrospective effect were allowed as per Committee's desire:— from 17—18 to the end of June 1922, interest on the 3 branches of the Fund Calculated at 4% is about Rs 1,61,784.

If 1% more is added it will be, Rs 2,02,230

The difference or Extra Cost will therefore be approximately Rs 40,446.

If on the other hand the enhanced interest were allowed from 1st July 1922, taking the total balance on 30th June 1922 as Rs 5,66,212 (as entered from the Income Office) the interest at 4% will be Rs 2,26,484

do at 5% — Rs 2,83,105

the extra Cost will be Rs 56621

If the higher rate were allowed from the date of order the extra Cost will roughly be about Rs 60000, taking into account the additions likely to be made in the course of the year.

The higher rate is applied for by the Committee from 1917—1918, while the order in Flag O directs the allowance of 4% for a period of 3 years from that year. This perhaps is not desirable, as it would otherwise involve modifications of an Order already

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

G.P. File No. 9[illegible] of 19 22

Serial No.

Passed. There would appear to be some force in the Committee's contention for enhanced rate of interest, considering the present heavy slump in the money market & the prohibitive high rate of interest obtaining. The Govt. have since raised the rate of interest on Charitable Endowments, with retrospective effect too, in certain cases, on applications from the trustees. Not to mention the rate allowed on Provident Fund and Savings Banks deposits. The Committee seem to have appreciated the present financial stringency & took pretty long before they thought of applying for higher rate.

Subd for orders.

8/6

The Insurance Committee again request a re-consideration of the orders regarding the rate of interest to be allowed on the Fund. Under the existing arrangement, interest at 3½ per cent is allowed upon the balance accumulated to the end of 1916-17 and on additions from the subsequent year 1917-18 the rate allowed is 4 per cent. In

NOTE—Contn. sheet.

G. R. S. III-2.

General and Revenue Secretariat.

G.R. File No. 95 of 1922

Serial No.

In 1919-20, the Committee had asked for the rate of interest being enhanced to 5½ per cent and a Council resolution had also been passed for allowing 3 per cent on the net addition of the year and 5 per cent on the balance at the beginning of the year. In view, however, of the additional expenditure which the measure involved, effect was not given to the resolution of the Council. In their present representation, the Committee propose that at least 5 per cent may be allowed on the additions to the Fund from 1st July 1917. I do not think it is possible to permit the enhancement of the rate of interest retrospectively for a period of 6 years and revise the calculations made for that period and make a large ~~addition~~ payment on account of interest to that Fund. As regards the request itself, it seems to me that it is quite reasonable and I have argued the case fully in my note dated 8th December 1920. Strictly, the case for allowing a higher rate of interest even on the previous accumulation of the Fund is not without its weight, but, as the Committee itself does not press for increased rate of interest on balances which had accumulated prior to 1st July 1917, it is unnecessary to consider this side of the question. When we allow 5 per cent on our Savings Bank deposits which

NOTE—Contn. sheet.

Serial No.

which remain with us for one year, the demand for allowing the same rate of interest on balances of Fund which remain with us continuously for several years is quite reasonable. This rate may be allowed for a period of three years and that only on additions to the Fund from 1st July 1923. According to the proposed arrangement, interest will be calculated on the balances of the Fund on 1st July 1917 at the rate of 3½% and on additions to it at 5% with effect from 1st July 1923. As regards the net addition of any particular year from the current, it may carry interest only at 3½% as it will not be with Government for one whole year. From next year this addition will get 5% as it will form part of the balance at the beginning of the year. The value of money is showing a tendency to decline and the position may be re-considered after the expiry of the period for which the rate of 5% is now proposed. According to this proposal, the additional annual expenditure will be about 20,000 calculated on the additional balance of about Rs. 20 lakhs on 1st July 1923 compared with that of 1st July 1917. There will, in addition, be an increase of about Rs. 4000 on account of the increasing balance of the funds.

DEWAN'S OFFICE
Recd. on JUL 23 1923
Reg. No. 541

NOTE—Contn. sheet.

(For Disposal by Circulation.) No. C. 57

..... 19 23-24

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

Question of raising the rate of interest payable on the balance of the Insurance Fund.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

Chief Secretary to Government.

26th July 1923.

Extraordinary Member of Council.

First Member of Council.

Second Member of Council.

Third Member of Council.

To The Financial Secretary
with Compliments.

G. R. S. III-2.

General and Revenue Secretariat.

G. C. File No. 95 of 19 22

Serial No.

Submitted with draft of Submission note & Government Order

DEWAN'S OFFICE
Recd. on AUG 10 1923
Reg. No. 843

NOTE—Contn. sheet.

Q-7-96-

Submitted to His Highness.

According to arrangements approved by His Highness on the 25th April 1921, interest at 3½ per cent is being allowed on the balance of the Insurance Fund to the end of 1916-17 and at 4 per cent on fresh additions to it thereafter. The Insurance Committee urge that, in view of some of the investments made on behalf of the insured in the Government of India War Loan and the Mysore State Loans which earn interest at rates ranging from 5½ to 7 per cent, and in view of the generally enhanced value of money, the interest allowed on the fresh accumulations from and after 1917-18, may be raised from 4 to 5 per cent. They also bring to notice the higher rates of interest allowed on Provident Fund and Savings Bank Deposits and request that the same consideration at least may be extended to the Insurance Fund also.

When we allow 5 per cent on our Savings Bank Deposits which remain with us for one year, the demand for allowing the same rate of interest on balances of the Insurance Fund, which remain with us continuously for several years, is reasonable. I think that the rate of interest may be raised to 5 per cent and this rate may be sanctioned for a period of two years for the present. The benefit of this rate may also be given effect from the current official year 1923-24. Interest will accordingly be calculated on the balance of the Fund on 1st July 1917 at 3½ per cent and on additions to it at 5 per cent with effect from 1st July 1923. The additional annual expenditure likely to be involved on this account has been calculated at about Rs. 20,000.

The Members of Council agree with me that the enhanced rate of 5 per cent may be sanctioned for a period of two years from 1923-24.

I solicit the gracious approval of His Highness for the enhanced rate.

Dated Bangalore,
13th Aug.1923

DKR

STATEMENT OF CASES SUBMITTED FOR THE ORDERS OF HIS HIGHNESS THE MAHARAJA DURING THE TOUR OUTSIDE THE STATE IN.....August.....1923

Serial No.	Subject	Recommendation of Council, or Member of Government in charge, as the case may be	Dewan's recommendation	Orders of His Highness	Orders regarding submission of files (*vide* foot-note)
80	Enhancement of the rate of interest on the Insurance Fund.	...	...	106 Approved by His Highness the Members 26/8/23 Hzcy 9/9/23 9 SEP 1923	(c)

NOTE.—The letter a, b or c may kindly be inserted by the Private Secretary to His Highness in the last column to indicate whether—

File may be submitted at once ... ... a

File may be submitted after His Highness' return ... ... b

File may not be submitted at all ... .

C. R. S. III-2]

C 57

General and Revenue Secretariat. | 97 File No. 95 of 192. 22

Serial No.

Question of raising the rate of interest payable on the balance of insurance fund.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to the Members of Council for perusal of

*

His Highness' orders $\frac{\text{before}}{\text{after}}$ issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Govt.

Through the Secretary to Government,

.....Department.

1965
10-9-23

FIRST MEMBER OF COUNCIL. 11/9

SECOND MEMBER OF COUNCIL. 12/9

THIRD MEMBER OF COUNCIL.

The Financial Secy. with Compliments

11/9

Some orders
11/9/23

NOTE—Contn. sheet.

Mono WD 1335—GPB—500—16-1-23.

G. R. S. III-21

General and Revenue Secretariat. | C. 7 File No. 96 of 19 9—

Serial No.

Done

Draft Subscription. If approved it will be necessary to be published in the Gazette

Mule 7 Sept 23

21-9-23

17/9/23

40621

24 MAY 1923

Office of the Secretary,
Mysore State Life Insurance Committee,
Bangalore, 23rd May 1923.

G-F 96-22-1

DIARY No. 12830

From

T. Satyaraj Chetty, Esq., B.A.,
Secretary, Mysore State Life
Insurance Committee, Bangalore.

19 — 1923
Section G.F.
File No. 19 22 96-22
Serial No. 19.1

T o

Rajakaryaprasakta M.N. Krishna Rao, Esq., B.A.,
Financial Secretary to the Government of His
Highness the Maharaja of Mysore, Bangalore.

S i r,

In reference to correspondence ending with G.O.No.6669/G.F.207-19-3 dated 15-5-21, intimating that the Government considered that no change be made in the rate of interest on the Insurance Fund Balances as sanctioned in G.O.No.Fl.533-4 G.F. 56-17-4 dated 24th July 1918, I am directed to forward herewith for further orders of Government a resolution of the Insurance Committee passed at their meeting held on the 5th instant. -- According to the Government Order of the 24th July 1918, the rate of interest payable on the balance of the Insurance Fund to the end of 1916-17 is 3½ per cent and that ~~no~~ on amounts added to the balance from 1917-18 is 4 per cent. I am to observe that the Committee consider that whatever justification may be urged for not allowing a higher rate of interest than 3½ per cent on the balance as at the end of 1916-17, the case is different in the case of the balances of the Fund accumulating thereafter. In the year 1918-19, with a view to aid the War Loan floated at 5½ per cent by the Government of India, some amount of the Insurance Fund was allowed to be invested on behalf of the insured who wished to contribute to that loan. In the same year, a sum of Rs.81,500/- was also advanced to the Public Branch for the same purpose. In the years 1920-21 and 1921-22, the Mysore Government raised loans at 6¼. 6½ and 7 per cent, in which an appreciable sum of the Insurance Fund money was allowed to be invested on

behalf of insured persons. All this money has been yielding to the Insurance Fund interest at the above indicated rates. Similarly, if the balances after deducting the cash requirements of the Fund had been invested in similar securities, the Fund in respect of this portion of the balance would have been earning interest ranging from 5½ to 7 per cent as against the uniform rate of 4 per cent now allowed. Besides, on -- grounds of equity, the Committee wish to urge that they see no sufficient reasons for differentiating the Insurance Fund from others such as, the Provident Fund and the Savings Banks on which higher rates of interest are allowed. The Committee have therefore resolved that the Government may be moved to kindly reconsider the orders passed in July 1918 in the light of the foregoing facts and requested to allow a higher rate of interest of at least 5 per cent on the balances added to the Fund from 1917-18, the enhanced rate being made applicable retrospectively from 1st July 1917.

I have the honor to be,

S i r,

Your most obedient servant,

T. Satyanarayana

Secretary, I. C.

CRN.

Resolution 11 of the Mysore State Life Insurance passed in their Meeting held on the 5th May 1923.

The question regarding the raising of the rate of interest on the balance of the Insurance Fund from 4 to 5½ per cent.

On further consideration of G.O.No.6669 G.F.207-19-3 dated 16-5-21 and full examination of all aspects of the question and taking into consideration the fact that interest is only at 3½ per cent on the balance at the end of 1916-17, amounting to nearly 30.5 lacs though the value of money is much higher, the Committee are strongly and unanimounsly of opinion that not less than 5 per cent should be allowed on the fresh accumilations from and after 1917-18 instead of the present 4 per cent.

C O P Y.

Deputy Secretary.

G.R.S. VI G 31]

SUBJECT.....

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.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( ).

, *the* 192 .

Date of issue.... 25 Septr/23

Signed by.....

× 0

May this be

i Printed ?

ii treated as a standing order ?

iii published in the Gazette, English Part ?

iv translated ?

v placed at the disposal of the press ?

vi published in the Gazette, Kannada Part ?

Section G. F

File No. 96 – 9[illegible]

Serial No.

Proceedings of the Government of His Highness the Maharaja of Mysore

Read— G.O No Fl 2474-5/13 HD-12-2 dy 11.12.13 fixing the rate of interest allowable on the balances of the Insurance Fund at 3 1/2 per Cent

(2) G.O No Fl 5-33-4/Gr.I-5-6-17-4 dy 24.7.1918 enhancing the rate to 4% on the amounts added to the balance of the Insurance Fund ~~Order Thereon No~~ from 1917-1918.

(3) Letter No 16183 dy 23rd [illegible] 1923 from the Secy, Mysore Stall Life Insurance Committee forwarding the Resolution of the Committee passed at their meeting held on 5-5-23, requesting that the an enhanced rate of 5 percent interest be allowed on the balances added to the Fund from 1917-1918 with

Retrospective effect in view of the higher rate of interest allowed on the Provident Fund & Savings Bank Deposits. and also of the fact that interest from the fund in the Govt of India War Bonds and the Mysore State Loans have been carrying interest at rate ranging from 3½ to 7 per Cent and which rates Could have been secured to the Fund if it had been invested in such securities.

Order No 1605-6 G.E. 96-22-2 Dated 25.9.23 as proposed

Govt direct that interest at the rate of 5 per Cent be allowed for a period of 2 years from 1923-1924 on additions to the Insurance Fund from 1st July 1923.

Interest will be Calculated on the balance of the Fund on 1st July 1917 at 3½ per Cent and on all additions to it at 5 per Cent with effect from 1st July 1923. The Net additions of any year hereafter from the Current will Carry 3½ per Cent interest & 5 per Cent from next year when it forms part of the balance at the beginning of that year. only

List of enclosures.

21-9-23

Copied by

Examined by

2/8.

To the Secy. M.S.K. Committee
Compared &c.

WD 1883—GPB—1 000,00—21-12-21